

**2005 MICHIGAN Adjustments of Capital Gains and Losses MI-1040D**

Attach to Form MI-1040. Round all money items to whole dollars. Type or print in blue or black ink.

Print numbers like this: 0123456789 - NOT like this: 0147

**Attachment Sequence No. 15**

Filer's First Name	M.I.	Last Name	Filer's Social Security Number (Example: 123-45-6789)
			— —
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Social Security Number (Example: 123-45-6789)
			— —

**PART 1: SHORT-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD 1 YEAR OR LESS**

A. Description of Property (Example, 100 shares of "Z" Co.)	B. Date Acquired (MM-DD-YYYY)	C. Date Sold (MM-DD-YYYY)	D. Federal Gain (Loss) from column f of U.S. Schedule D	E. Gain (Loss) from column D subject to Michigan income tax
1.				
2. Enter your short-term totals, if any, from page 2, line 17 .....	2.			
3. Short-term gain from U.S. 6252, and short-term gain(loss) from U.S. 4684, 6781 and 8824 .....	3.			
4. Net short-term gain(loss) from partnerships, S corporations and fiduciaries from Schedule(s) K-1.....	4.			
5. Short-term capital loss carryover from 2004 .....	5.	( )	( )	
6. Net short-term gain(loss), combine lines 1-5.....	6.			

**PART 2: LONG-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD MORE THAN 1 YEAR**

7.				
8. Enter your long-term totals, if any, from page 2, line 19 .....	8.			
9. Gain from U.S. 4797; long-term gain from U.S. 2439 and 6252; and long-term gain(loss) from U.S. 4684, 6781 and 8824.....	9.			
10. Net long-term gain(loss) from partnerships, S corporations and fiduciaries from Schedule(s) K-1.....	10.			
11. Capital gain distributions .....	11.			
12. Long-term capital loss carryover from 2004 .....	12.	( )	( )	
13. Combine lines 7-12 .....	13.			

**PART 3: SUMMARY OF SHORT- AND LONG-TERM GAINS AND LOSSES**

14. Combine lines 6 and 13 of column D, and enter on line 14, column Y.  
Combine lines 6 and 13 of column E, and enter on line 14, column Z.  
**GAIN.** If line 14 is a gain, carry the gain amount in column Y to MI-1040 Schedule 1, line 10, and carry the gain amount in column Z to MI-1040 Schedule 1, line 3.  
Nonresidents and part-year residents, see instructions for Schedule NR, line 8 ..... 14.
15. **LOSS.** If line 14 shows a loss, enter in each column the smaller of  
(a) The loss on line 14; or (b) \$3,000 (if married filing separately, \$1,500).  
Carry the loss amount in column Y to MI-1040 Schedule 1, line 5.  
Carry the loss amount in column Z to MI-1040 Schedule 1, line 19.  
Nonresidents and part-year residents, see instructions for Schedule NR, line 8 ..... 15.

Col. Y - Federal	Col. Z - Mich.

A. Description of Property (Example, 100 shares of "Z" Co.)	B. Date Acquired (MM-DD-YYYY)	C. Date Sold (MM-DD-YYYY)	D. Federal Gain (Loss) from column f of U.S. <i>Schedule D</i>	E. Gain (Loss) from column D subject to Michigan income tax
16.				
17. Line 16 short-term totals. Add column D (federal), and column E (Michigan). Enter here and on line 2			17.	

18.				
19. Line 18 long-term totals. Add column D (federal), and column E (Michigan). Enter here and on line 8			19	

	Col. Y - Federal	Col. Z - Mich.
20. Enter the amount from U.S. 1040, line 41, in both columns. If the amount is a loss, enclose in parentheses .....	20.	
21. Enter the loss from line 15 as a positive amount .....	21.	
22. Combine lines 20 and 21. If zero or less, enter "0".....	22.	
23. Enter the smaller of line 21 or line 22.....	23.	
<b>NOTE:</b> If line 6, columns D and E, or line 13 are losses, go to line 24; otherwise, skip lines 24 - 28.		
24. Enter the loss from line 6, columns D and E, as a positive amount.....	24.	
25. Enter the gain, if any, shown on line 13, columns D and E .....	25.	
26. Enter the amount shown on line 23.....	26.	
27. Add lines 25 and 26.....	27.	
28. <b>Short-term capital loss carryover to 2006.</b> Subtract line 27 from line 24. If zero or less, enter "0" .....	28.	
<b>NOTE:</b> If line 13, columns D or E, or line 15 are losses, go to line 29; otherwise, skip lines 29 - 35.		
29. Enter the loss from line 13, columns D and E, as a positive amount .....	29.	
30. Enter the gain, if any, from line 6, columns D and E .....	30.	
31. Enter the amount from line 23 .....	31.	
32. Enter the amount, if any, from line 24.....	32.	
33. Subtract line 32 from line 31. If zero or less, enter "0".....	33.	
34. Add lines 30 and 33.....	34.	
35. <b>Long-term capital loss carryover to 2006.</b> Subtract line 34 from line 29. If zero or less, enter "0" .....	35.	

# Instructions for Completing Form MI-1040D

## When to File

Use this form to adjust your Michigan taxable income if you have capital gains or losses attributable to:

- Periods before October 1, 1967 (Section 271 adjustment). If you file U.S. 1040D or 4797 and you elect to adjust under Section 271 of the Michigan Income Tax Act, you must file the equivalent Michigan forms (MI-1040D or MI-4797). You must include all items of gain or loss realized during the tax year.
- Gains or losses from the sale or exchange of U.S. obligations that cannot be taxed by Michigan.
- Gains or losses from sale of certain types of properties located in other states and/or subject to the allocation and apportionment provisions.

The MI-1040D must be attached to your Michigan income tax return (MI-1040).

## General Information

Michigan form MI-1040D follows the U.S. 1040D and all the information necessary for completing it should be taken from your U.S. 1040D.

The MI-1040D computations must be carried to MI-1040 Schedule 1. **Both** forms (MI-1040D and Schedule 1) must be attached to your MI-1040.

## Rounding Off

Show money items as whole dollar amounts. Round down amounts less than 50 cents. Round up amounts of 50 through 99 cents.

## Identification

Be sure to enter your name(s) and Social Security number(s) at the top of the form.

## Parts 1 and 2

### Federal Information

Complete columns A, B, C, and D from corresponding columns a, b, c and f on your U.S. *Schedule D*. If you need more space for items listed on line 1, continue on page 2, Part 4. Line 8 continues on page 2, Part 5.

### Michigan Gain or Loss

Enter the portion of federal gain and loss subject to Michigan income tax in column E.

**Section 271.** To apportion under Section 271, multiply the gain or loss in column E by the number of months the property was held after September 30, 1967. Divide the result by the total number of months held. Enter the result in column E. For the purpose of this computation, the first month may be excluded if acquisition took place after the 15th, and the last month may be excluded if disposal took place before the 15th.

Gain from installment sales made before October 1, 1967 must show the federal gain in column D and zero in column E.

Gains from installment sales made after October 1, 1967 are subject to Michigan tax but may be apportioned under Section 271.

Distributions from employee's pension, bonus or profit-sharing trust plans that are considered to be long-term capital gains (under Section 402 of the Internal Revenue Code) and capital gains distributions are not eligible for Section 271 treatment.

**Sale of Property.** Enter the total gain in the federal column. Enter in the Michigan column the gain or loss from the sale or exchange of:

- Real property located in Michigan, or
- Tangible personal property located in Michigan at the time of the sale or owned by a Michigan resident and not subject to tax in the state where the property is located, or
- Intangible personal property sold by a Michigan resident, or
- Business property apportioned to Michigan on MI-1040H.

**U.S. Obligations.** Gains from the sale of some U.S. obligations are not subject to tax and losses are not deductible. Enter a zero in the Michigan column for gains or losses realized from the sale of these non-taxable U.S. obligations.

**Note:** Any interest expense and other expenses incurred in the production of income from U.S. obligations should be offset against dividend and interest income from U.S. obligations on the MI-1040 return. See the instructions for MI-1040 Schedule 1, line 8, in the MI-1040 instruction booklet.

**Out-of-State Property.** Gains from the sale of property located in another state are not subject to tax and losses are not deductible.

## Part 3

Follow the instructions on the MI-1040D to exclude portions of capital gains or losses that cannot be taxed by Michigan.

**Note:** When figuring which negative number is smaller, treat both numbers as if they were positive.

## Part 4

Part 4 is a continuation of short-term capital gains and losses listed on line 1. Attach additional sheets if more space is needed. Enter on line 2, totals from line 17 and any additional sheets.

## Part 5

Part 5 is a continuation of long-term capital gains and losses listed on line 8. Attach additional sheets if more space is needed. Enter on line 9, totals from line 19 and any additional sheets.

## Part 6

Part 6 is similar to the *Capital Loss Carryover Worksheet* from the U.S. 1040D instructions. Follow the instructions on the MI-1040D. Enter federal figures in column Y and Michigan figures in column Z. On line 20, column Z, enter the same figure you entered in column Y.